Energy & Technology Committee
Legislative Office Building / Room 3900
Hartford, CT 06106-1591

March 15, 2010

In re: S. B. No. 463
An Act Concerning Financing of Energy Efficiency and Renewable Energy

Senators Vickie Nardello and John Fonfara,

Nexant fully endorses the effort to incorporate measures to ensure adequate market prices for Connecticut Class III RECs and thus incentivize more energy efficiency in the state. However, we believe that it would be more beneficial to market participants, rate-payers and tax-payers to implement a progressive schedule of annual purchase obligations rather than a restriction on the selling of these credits. Such a schedule of increases could be consistent with the schedule of obligations for Connecticut Class I RECs. Specifically, we would recommend continuing the 1% increase in purchase obligations past the 2010 year. For example, the new schedule of purchase obligations could be as follows:

Year	% CT Class I	% Class III	New % Class III
2004	1.0%	NA	NA
2005	1.5%	NA	NA
2006	2.0%	NA	NA
2007	3.5%	1.0%	1.0%
2008	5.0%	2.0%	2.0%
2009	6.0%	3.0%	3.0%
2010	7.0%	4.0%	4.0%
2011	8.0%	4.0%	5.0%
2012	9.0%	4.0%	6.0%
2013	10.0%	4.0%	7.0%
2014	11.0%	4.0%	8.0%
2015	12.0%	4.0%	9.0%

Allowing the Class III REC purchase obligations to slowly increase as is the case with Class I RECs will create minimal market short-term perturbations while providing the long-term financial incentives necessary for investment in energy efficiency. In contrast, we believe a sudden restriction of sales from the EC&LM Fund will create significant market upheaval and uncertainty, put in legal jeopardy existing long-term contracts by Connecticut businesses and institutions for the long-term sale of Class III RECs, and decrease revenues to the EC&LM for funding new energy efficiency. Moreover, we also believe the restriction of EC&LM fund sales will not create lasting long-term price support and certainty necessary for investment.

Respectfully submitted,

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